



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

WATER

IN THE MATTER OF THE PETITION OF	)	ORDER
AQUA NEW JERSEY INC. FOR APPROVAL	)	
OF THE ACQUISITION OF THE ASSETS OF	)	
THE HARKERS HOLLOW HEIGHTS WATER	)	
ASSOCIATION, WARREN COUNTY; AND	)	
OTHER REQUIRED APPROVALS	)	DOCKET NO. WM09020119

Collen A. Foley, Esq., Saul Ewing LLP, Newark, NJ for Petitioner

Stefanie Brand, Director, Department of Public Advocate, Division of Rate Counsel

Geoffrey R. Gersten, DAG, on Behalf of the Staff of the Board of Public Utilities

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

Aqua New Jersey, Inc. (Aqua or Company) provides water and wastewater services to nearly 50,000 customers in municipalities located in Warren, Hunterdon, Mercer, Burlington, Monmouth, Camden, Ocean, Sussex, and Gloucester Counties, New Jersey. Through its Northern Division headquartered in Phillipsburg, New Jersey, the Company provides service within Warren County to franchise areas located in Phillipsburg, Pohatcong, Lopatcong, Greenwich, Harmony, and Holland Townships.

On February 11, 2009, Aqua New Jersey, Inc. filed a Petition with the Board of Public Utilities (Board) requesting the Board's approval of the acquisition of the water system assets now owned by the Harkers Hollow Heights Water Association (Harkers Hollow or Association), and the Board's approval of the Company's use of its existing Board approved tariff rate for charges to customers within this water system. The Association owns a very small water system in Harmony and Lopatcong Townships in Warren County. A total of eighteen (18) customers are served by the system of which sixteen (16) customers are located in Harmony Township and two customers are located in Lopatcong Township. All of the 18 customers served by the system are members of the Association.



Aqua has entered into an Asset Purchase Agreement with the Association dated December 29, 2008. On December 1, 2008, all 18 members of the Association executed a motion authorizing the sale of the system to Aqua. The purchase price for the system is \$18,000, with proceeds being divided evenly to each of the 18 homeowners. Aqua will undertake certain improvements to the system after closing. These improvements include installation of meters, the installation of SCADA equipment to allow the system to be monitored and controlled from the Company's Phillipsburg operations center, and the replacement of the roof of the concrete storage facility. The system is near Aqua's Northern Division in Phillipsburg and it will be maintained and operated by existing employees in the Phillipsburg system.

On July 15, 2009, Aqua filed an amendment to its Petition, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5 requesting Board approval for an expanded franchise area for Harmony Township. Aqua has pre-existing municipal consents for Lopatcong Township and Harmony Township. The original municipal consent for Harmony Township under Ordinance No. 91-9 has recently been expanded by the Township Council to fully cover the area served by Harkers Hollow. Pursuant to N.J.S.A. 48:2-14, the Township of Harmony's governing body adopted Ordinance No. 09-09 on August 4, 2009, which granted Aqua the authority to construct and maintain water utility facilities in public roads and other places necessary to provide service to an additional designated portion of Harmony Township. The municipal consent authorizes Aqua to provide water service to additional parcels of land located in Harmony Township which includes Block 29, Lots 1, 1.01, 2 – 10; Block 28, Lots 30A, 31 – 38; and Block 30, Lot 30 on the Harmony Township tax map. This additional area was not included in the original grant of franchise from Harmony Township dated December 3, 1991.

On August 28, 2009, a duly noticed public hearing on the Company's amended petition was held at the Board's Newark office. Legal Specialist, Suzanne Patnaude, Esq., presided over the hearing at which representatives of the Company, the Department of Public Advocate, Division of Rate Counsel (Rate Counsel) and Board Staff (the Parties) appeared. No members of the public appeared at the hearing.

There will be no impact on the Company's ability to provide safe, adequate and reliable service to the other areas served by the Northern Division. The new customers will have customer assistance through the Northern Division's office located in Phillipsburg, including a 24 hour emergency line. Aqua will provide daily on-site visits by a Licensed Operator to operate/supervise system operations. The Licensed Operator's responsibilities include other nearby systems. Back-up operators will be available as needed.

Aqua will operate the water system on a standalone basis. Plant maximum output is estimated at 25,920 gallons per day (gpd) when combining the outputs of wells #1 and #2. The Company estimates a daily consumption range to be between 2,500 – 4,000 gpd. A concrete storage facility with roof is on the property and has a capacity of 8,000 gallons.

The Company proposes to charge rates for water service pursuant to its existing July 14, 2008, Board approved residential water tariff. Water service will be metered according to current rates on file at the Board for the proposed franchise area which provides for a fixed service charge of \$29.67 per quarter for a 5/8 inch or 5/8 x 3/4 inch meter and a consumption charge of \$4.12254 per thousand gallons. Hydrant charges are \$146.16 per year per hydrant.



The proposed franchise area is located in Planning Area 4 – Rural Planning Area. The system presently exists and there are no plans for growth in the area served by the system.

By letter dated September 14, 2009, Rate Counsel submitted its comments to the petition and is not opposed to its approval. Rate Counsel recommends that any approval should not include authorization to include acquired assets in rate base. The inclusion into rate base of any asset and any associated ratemaking determination should be addressed in a future base rate proceeding. Rate Counsel further recommended the inclusion of specific language in any Board Order approving the petition, which is incorporated in this Order.

Aqua provides potable water and wastewater service to customers in various communities located in nine counties throughout the State. Its employees are qualified and possess the expertise to operate and maintain these systems and facilities so as to provide safe, adequate and proper service. This same level of service will be provided to the new service area. As a wholly owned subsidiary of Aqua America, the Company has the financial stability and access to a wealth of utility related expertise and capital should the need arise.

Therefore, the Board **HEREBY FINDS** that the acquisition and extension requested is necessary and proper for the public convenience and properly conserves the public interests, and **HEREBY APPROVES** the Township of Harmony Ordinance No.09-09 adopted on August 4, 2009, for the provision of water service in the Township of Harmony on Block 29, Lots 1, 1.01, 2 – 10; Block 28, Lots 30A, 31 – 38; and Block 30, Lot 30 of the Harmony Township of the tax map as sought in the Company's amended petition.

The Board **FURTHER APPROVES** the use of the existing Board approved General Metered Service tariff of Aqua New Jersey Inc. for water service to be provided to the residents of Harkers Hollow Heights. Aqua's current rates on file at the Board for the proposed franchise provide for a quarterly service charge of \$29.67 and a consumption charge of \$4.12254 per 1,000 gallons consumed. Hydrant charges will be \$146.16 per hydrant per year.

The approvals granted, hereinabove, shall be subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by Aqua New Jersey Inc.
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting Aqua New Jersey Inc.
3. In an appropriate subsequent proceeding, the Company shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers. Approval of this acquisition and/or municipal consent does not include authorization to include in rate base the specific assets that are or will be completed as a result of the new service territory.

4. Approval of this acquisition and/or municipal consent ordinance does not constitute Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including, but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection, or any related capital improvements, and the allocation of such cost and expenses, shall be made in an appropriate subsequent proceeding.

DATED: 10/8/09

BOARD OF PUBLIC UTILITIES  
BY:



JEANNE M. FOX  
PRESIDENT



FREDERICK F. BUTLER  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER



NICHOLAS ASSELTA  
COMMISSIONER



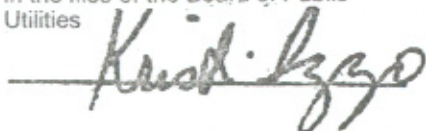
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:



KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities





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ACQUISITION OF THE ASSETS OF THE HARKERS HOLLOW HEIGHTS WATER  
ASSOCIATION, WARREN COUNTY; AND OTHER REQUIRED APPROVALS

BPU Docket No. WM09020119

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